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3) Prime Minister's Official Residence (Kantei)

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Prime Minister's schedule, May 6

NIKKEI (Page 2) (Full)
May 8, 2008

Morning
Spent time at his official residence.

14:53
Met Waseda University Professor Koichiro Inahata.

16:16
Met Ambassador to China Miyamoto, Deputy Foreign Minister Sasae and Asian and Oceanian Affairs Bureau Director-General Saiki.

18:07
Hosted a welcome dinner for Chinese President Hu Jintao at a French restaurant at Hibiya Park.

20:23
Returned to his official residence.

Prime Minister's schedule, May 7

NIKKEI (Page 2) (Full)
May 8, 2008

08:59
Attended a welcome ceremony for President Hu and his wife at the Imperial Palace.

09:52
Returned to his official residence.

10:21
Held a ceremonial photograph session with President Hu at the Kantei, followed by a summit meeting with him.

12:16
Signed a joint statement, followed by a joint press conference.

13:15
Inspected the "Touchable Globe" with President Hu.

15:10
Met Chief Cabinet Secretary Machimura and Assistant Deputy Chief Cabinet Secretary Saka, followed by LDP Administrative Reform Headquarters chief Chuma and chief secretary Miyazawa.

16:03
Met Columbia University Professor Gerald Curtis, followed by Deputy Chief Cabinet Secretary Futahashi and Assistant Deputy Chief Cabinet Secretary Yanagisawa.

17:01

Attended a joint meeting of the Food, Agriculture, Farm Village Policy Promotion Headquarters and the Strategic Council to Paint the Future of Food.

18:20

Returned to his official residence.

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19:12

Attended a welcome banquet for President Hu at the Imperial Palace.

22:34

Returned to his private residence in Nozawa.

23:08

Returned to his official residence.

4) Newsmaker: Edward A. Rice, Jr., 1st African-American to command USFJ; Picked for experience in emergency readiness

NIKKEI (Page 5) (Full)
Eve., May 7, 2008

Tsuyoshi Sunohara, senior writer

On Feb. 25, a new face showed up at the headquarters of U.S. Forces Japan (USFJ) in Yokota-the keystone of the alliance between Japan and the United States. The new face is Lt. Gen. Edward A. Rice, Jr., 52, who is the 22nd commander of USFJ and the commander of the 5th Air Force. U.S. Ambassador to Japan Schieffer is also sure that Lt. Gen. Rice is "a man with a promising future in the U.S. military."

Lt. Gen. Rice reminds us of Hollywood actor Denzel Washington. He exudes the kind of intelligence demonstrated by U.S. Secretary of State Rice, with whom he shares the same surname. New USFJ Commander Rice had been an object of public attention in Japan before his arrival as the first African-American to command USFJ.

The U.S. Pacific Command (PACOM), headquartered in Hawaii as the "Pacific guard," sent Lt. Gen. Rice to Japan. Its aim, however, was on a different plane. In the region, there are such issues as North Korea's nuclear and missile development and China's high-pitch modernization of the People's Liberation Army. With an eye on these developments, PACOM Commander Keating put forward Lt. Gen. Rice, who is experienced in responding to emergencies, in an aim to buttress the bilateral alliance.

Lt. Gen. Rice graduated from the Air Force Academy in 1978. After that, he became an Air Force pilot. The general is a command pilot with more than 3,800 flying hours. He has flown the B-2, a stealth strategic bomber. Before his Japan assignment, Lt. Gen. Rice was commander of the 13th Air Force in Guam and vice commander of the Pacific Air Forces in Hawaii.

Lt. Gen. Rice's assignment in Hawaii was three and a half years long. In those days, the general accomplished two heavy responsibilities. One was to command a new warfighting headquarters-also known as Kenny Headquarters-established in the 13th Air Force. The other role was to serve as deputy commander for a joint task force (JTF), which is commanded by the U.S. Pacific Fleet commander and is in charge of unified control over the four armed services under PACOM.

In both positions, Lt. Gen. Rice was tasked mainly with studying scenarios in detail for potential emergencies in the Asia-Pacific region and working out contingency plans between the U.S. military and allies.

One of the USFJ commander's major functions-according to the Foreign Ministry-was to "oversee U.S. military bases in Japan in ordinary

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times," such as preventing U.S. military personnel from committing

crimes. However, Lt. Gen. Rice has a unique career. Moreover, the new USFJ commanding general says he has never been assigned to Japan. The general's arrival at the USFJ post could have USFJ headquarters undergo a sea change in its position and nature for dealing with emergencies.

The new USFJ chief readily answered a question about his goals as USFJ commander: "One is to carry out the U.S. military realignment plan completely, and another goal is to improve bilateral joint training exercises for such tasks as the defense of Japan." He stressed: "The road to the U.S. military's realignment is long and difficult. However, I want to have the planned relocation of (the U.S. Marine Corps') Futenma base (in Okinawa) and all other agreed plans move forward, based on the agreement between Japan and the United States."

Lt. Gen. Rice envisages having the bilateral alliance used for close cooperation in this new era, with an eye to the deployment of missile defense (MD) systems. In a change-of-command ceremony this February, USFJ Commander Rice stated: "I believe that our bilateral alliance will be stronger than ever in the years ahead."

5) Japan, China to explore ways on diplomatic and security fronts; Hu simply expresses "understanding" toward Japan's desire for permanent UNSC seat without giving assurance for support

NIKKEI (Page 2) (Abridged slightly)

May 8, 2008

Through their summit meeting yesterday, Japan and China proposed close cooperation in bringing peace and stability to Asia and the world on the diplomatic and security fronts. At the same time, however, rather than over environmental and trade issues, the two countries' national interests and pride might clash over their respective responses to the North Korean issue and reform of the United Nations, on which Japan puts high priority. The two countries are likely to be forced to explore ways to coordinate their interests in building a strategic, mutually beneficial relationship.

The meeting between Prime Minister Yasuo Fukuda and visiting Chinese President Hu Jintao lasted slightly less than two hours, exceeding the original schedule by over 30 minutes. A mood of cooperation filled the session. When the prime minister said, "Let us contribute to the development of Asia and the world," President Hu immediately answered, "I completely agree."

It was significant that the two leaders released a joint statement after their meeting pledging to address not only bilateral issues but also global challenges. But gaps in views on specific issues were also evident.

The North Korean issue was a prime example. Fukuda for instance said, "I would like to ask for China's continued understanding and cooperation on the issue of Japanese nationals abducted to North Korea." Hu simply replied, "I believe outstanding issues (between Japan and North Korea) will be resolved appropriately."

Although Fukuda and Hu also agreed to make efforts for an early settlement of the nuclear issue, the areas of emphasis do not

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coincide altogether. Japan's basic policy is to proceed with the nuclear and abduction issues simultaneously. China, on the other hand, wants to swiftly push the abduction forward in order to elicit aid to North Korea from Japan for resolving the nuclear issue, according to a source connected to Japan-China relations.

There still is a perception gap over Japan's bid for a permanent seat on the UN Security Council, as well. To Fukuda, Hu expressed a favorable stance, saying, "I understand that Japan hopes to make greater contributions to the peace and development of the world," adding, "I hope Japanese people will sense China's positive stance from what I just said."

But Hu did not give assurances, in stark contrast to his meeting this past January with Indian Prime Minister Singh. That meeting also produced a joint statement noting that China understands and supports India's desire to play a greater role in the United Nations, including the Security Council.

Equating the UNSC permanent membership with major power status, China does not want to easily allow Japan, its Asian rival, to gain a permanent seat. According to the same source, coordination lasted until the last moment on how to mention UN reform in the joint statement. In the end, the two countries decided not to use a bold expression.

6) Fukuda-Hu talks

NIKKEI (Page 2) (Abridged slightly)
May 8, 2008

Hu takes hard-line stance on Tibet

In yesterday's summit between Prime Minister Yasuo Fukuda and visiting Chinese President Hu Jintao, attention was focused on statements on the Tibet issue. The summit immediately followed a direct dialogue between the Chinese government and an aid to the 14th Dalai Lama. President Hu said to Fukuda, "It is not a human rights issue. It is a question of a sovereign state and of whether there will be a breakup of the homeland or unity." Prime Minister Fukuda also avoided touching on the core part.

Hu criticized the riots in the Tibet Autonomous Region in March by describing them as a gravely violent criminal act. Hu also said in a press conference, "I hope the Dalai Lama will stop activities to break up the homeland, contriving and inciting violence, and attempts to destroy the Beijing Olympics."

Fukuda simply said without making any requests: "The international community is becoming increasingly concerned about the situation. I hope the Beijing Olympics will be a success, and I would like China to offer a full explanation."

Frozen dumpling food poisoning cases

Fukuda commented in a strong tone about the Chinese-made frozen dumplings food poisoning issue, "The facts have not been uncovered, which is not good for Japan or China." Although the two sides confirmed a plan to step up their investigations, the two leaders stopped short of mentioning specific measures.

Fukuda said: "Countless lives were placed at risk. We absolutely

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cannot leave the matter unresolved." In response, Hu said: "We put high priority on food safety as a matter concerning the interests of the general public. We have persistently investigated the matter and notified the relevant departments in Japan of the results."

Future-oriented historical perceptions

In his talks with Fukuda and the joint statement that followed, President Hu avoided underscoring China's perception on historical events. The Chinese president apparently wanted to avoid reigniting anti-Japanese sentiment in China, for that would harm the stability of the country.

In his speech at a banquet held at the Imperial Palace last night, Hu refrained from touching on Japan's acts of aggression against China in the past. In his talks with Fukuda, the president also simply said: "I would like to address (historical issues) appropriately." The joint statement, too, simply indicates the two countries' plans to squarely face history without specifying an apology from Japan.

Taking the opposite tack of then Chinese President Jiang Zemin's visit to Japan in 1998, when Jiang repeatedly brought up historical issues, Hu succeeded in generating a mood of seeking a future-oriented relationship.

7) Japan-China summit: Early settlement of gas field exploration issue in sight

ASAHI (Page 1) (Full)
May 8, 2008

Japan and China have confirmed their stance of aiming at an early settlement of the issue of jointly developing gas fields in the East China Sea, the greatest pending issue between the two countries. Following the move, they will enter near final talks in the hope of reaching a settlement by around the summer. Though specific details of the talks, such as a method of joint exploration and areas subject to the project, have yet to be clarified, both leaders have indicated that the talks are now in the final phase.

Prime Minister Fukuda during a joint press conference after the summit stressed, "There has been a major development (in discussions over the gas field issue). We confirmed that a settlement is in sight." Chinese President Hu Jintao also said, "We have had a vision of the issue's resolution. We agreed to accelerate the talks so as to reach an agreement at the earliest possible time."

Fukuda visited China last December and met with Premier Wen Jiabao. At that time, they shared the view that there had been a positive development on a concrete measure of setting the issue. This time, Fukuda and Hu agreed to adopt words that hgo a step further.

Asked about a specific timeframe for reaching an agreement on the gas field issue, the prime minister yesterday evening told reporters, "We want to reach an agreement at the earliest possible date." It is viewed that the Japanese government will aim at reaching a settlement by the time when the president visits Japan again in July to take part in the G-8 summit conference in Hokkaido.

A government source said, "What remains to be settled is

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coordination of technical details." It is deemed that Japan and China will undertake final coordination over how to deal with the Chunxiao (referred to as Shirakaba by Japan) gas field, which the Chinese side is developing on its own.

8) DPJ head Ozawa expresses reform expectations of China when Japanese political party leaders meet with Chinese President Hu Jintao

YOMIURI (Page 4) (Full)
May 8, 2008

Leaders of the ruling Liberal Democratic Party (LDP), the major opposition Democratic Party of Japan (DPJ), the junior coalition partner New Komeito, the Japanese Communist Party (JCP), and the Social Democratic Party (SDP) yesterday met separately with visiting Chinese President Hu Jintao at a hotel in Tokyo.

DPJ President Ozawa expressed his expectations of China's efforts to reform its own systems by noting: "When I was young, I watched a movie depicting the Italian Revolution. In the movie, a large landowner supported the revolutionary army and the duke said, 'For us to remain as we are, we need to change.' Making this thinking my political philosophy, I have been engaged in politics to date." In response, President Hu said, "I would like to continue to pursue a reform and open-door policy. Doing so is the will of the nation and the basis of our party." Hu did not mention specific issues, such as Tibet and the poisoned-dumpling incidents.

LDP Secretary General Ibuki touched on the gas exploration in the East China Sea and the poison dumplings and gave this positive comment: "It was good to confirm (during the Japan-China summit) that government offices in charge would actively discuss the issues." In response, Hu said: "It benefits both sides that Prime Minister Fukuda and I have reached a basic agreement in this regard." Hu also suggested exchanges between junior lawmakers of the two countries.

In a session between Hu and New Komeito Representative Ota, Ota asked China to resolve the Tibet issue in a peaceful manner. In response, Hu explained about the dialogue with Tibet's spiritual leader, the 14th Dalai Lama, and stressed: "The followers of the Dalai Lama must end their violence and their moves to destroy the Beijing Olympics." In a meeting with Hu, SDP President Fukushima said: "We respect (the way China is tackling the North Korean nuclear issue)." JCP Chairman Shii and Hu confirmed exchanges between their parties and expansion of the exchanges.

9) Senior members of political parties meet Chinese president, shelve Tibet issue to demonstrate friendship

MAINICHI (Page 5) (Full)
May 8, 2008

Visiting Chinese President Hu Jintao met separately with senior lawmakers of various political parties yesterday. On the outstanding issue of Tibet, they took a cautious stance, probably aiming at creating an atmosphere of friendship.

Liberal Democratic Party Secretary General Bunmei Ibuki, when he visited China in mid-April, asked President Hu to disclose information on the riots in Tibet. In the meeting yesterday, though,

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he just said: "I hope (China) will grow into a country in which different races can live together under the lead of President Hu."

New Komeito President Akihiro Ota told Hu: "I would like to see a peaceful settlement of the issue reached by talks among the parties concerned." Hu explained to Ota about the talks held between the Chinese government and a delegation sent by the Dalai Lama. He then reiterated: "The Dalai Lama group must follow China's efforts to halt violent activities and moves to splinter the nation and to undermine the Beijing Olympics." Ota expressed his intention to visit China in early June.

The Democratic Party of Japan sent a delegation of 400 members last December. On Tibet, President Ichiro Ozawa made no reference in a meeting with Hu yesterday, although he had said regarding the Tibet issue this March: "In order for the Chinese Communist Party to remain in power, this issue must be resolved."

10) LDP conservatives dissatisfied at prime minister's weak-kneed stance in meeting with Chinese president on Tibet, tainted dumpling issues

MAINICHI (Page 5) (Excerpts)
May 8, 2008

Following their meeting yesterday, the leaders of Japan and China signed a joint statement that pledges to establish a mutually beneficial relationship based on common strategic interests. Senior members of the government and the ruling coalition have praised the contents of the meeting, but conservative lawmakers of the Liberal Democratic Party have voiced their dissatisfaction at Prime Minister Fukuda's failure to take a stern stance about such pending issues as Tibet and the poisoning outbreak caused by tainted Chinese dumplings. One member complained: "The prime minister did not take a stern attitude toward China." Conservative members have stopped short of outwardly criticizing Fukuda for the pro-Chinese stance his cabinet has taken since it was launched last September. However, depending on future developments in the Tibetan issue and other pending problems, conservative members may try to undermine the Fukuda administration, which has been in a quandary over declining public support.

A senior member of the "real conservative policy study group," composed of LDP and independent lawmakers and chaired by former Policy Research Council Chairman Shoichi Nakagawa, expressed his discontent at the outcome of the Japan-China summit. He said: "The prime minister put pending issues on the back burner without touching on them. The only visible fruit of the meeting was China's pledge to loan a pair of giant pandas to Japan." Another senior

member commented: "The people are also feeling dissatisfied with the prime minister's weak-kneed stance toward China. Public support for the Fukuda cabinet is expected to drop further."

The study group was set up last December to continue the slogan advocated by former Prime Minister Shinzo Abe of freeing Japan from the postwar Japan, including constitutional revision. About 80 conservative lawmakers have joined the group. On April 30, the study group held a symposium in Tokyo to consider the state of human rights in China, inviting a former member of the refugee Tibetan government as a lecturer. Abe and former Secretary General Taro Aso, who is aiming at becoming Fukuda's successor, also participated in the symposium. Nakagawa there lashed out at China's response to the

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Tibet issue, remarking: "The world is apprehensive about whether the Beijing Olympics will be held in a happy atmosphere as a sports event." A senior member of the study group said: "We held the symposium prior to the Japan-China summit, with the aim of urging the prime minister to take a resolute attitude toward China."

11) President Hu reach out to Japanese business leaders for investment in China's energy-saving area

NIKKEI (Page 5) (Full)
May 8, 2008

Visiting Chinese President Hu Jintao yesterday took part in a luncheon hosted by Japan's economic organizations to welcome him. Hu in a speech sought proactive investment in China by Japan regarding measures to combat global warming greenhouse gasses. He noted, "Japan has technology that is way ahead of other countries in the environment and energy-saving areas."

Hu proposed private sector-level cooperation in such areas as developing local economies, exchanges of high technology and overseas advance of companies as well as the environmental and energy-saving areas. In particular, he was keen to characterize the environmental area as a new key area of bilateral economic and trade cooperation. Fujio Mitarai, chairman of the Japan Business Federation (Nippon Keidanren), said, "We can further contribute to China through the transfers of eco-friendly products, technology and know-how."

Japan has called on China to agree on its proposal for adopting a sector-specific approach of cutting global warming greenhouse gasses. However, it appears that no in-depth discussions on the proposal took place. Emerging from the meeting, Mitarai told reporters, "It is important for major CO2 emitters to take part in efforts to deal with measures to combat global warming greenhouse gasses. We hope that China will show willingness."

The luncheon party brought together approximately 180 participants, including Masamitsu Sakurai, representative director of the Japan Association of Corporate Executives (Keizai Doyukai), Nobuo Yamaguchi, honorary chairman of the Japan Chamber of Commerce and Industry, and Hiroshi Okuda, former Nippon Keidanren chairman and special advisor to the cabinet as well as Mitarai.

12) Number of hurdles to full lifting of embargo on rice exports to China: High prices, special pest management

TOKYO SHIMBUN (Page 9) (Excerpts)
May 8, 2008

Tokyo and Beijing during the bilateral summit yesterday formally agreed on the complete lifting of the embargo on Japanese rice exports to China, which had been carried out on a limited basis. It has taken about a year for the two countries to reach a formal agreement since the ministerial agreement in April last year due to the trouble in the work of boiling down quarantine conditions. The two countries reached a settlement over the length of a period for conducting an insect research and a specific fumigating method.

Japan pins high hopes on rice exports to China, as its domestic consumption is sluggish. However, sales in China of Japanese rice,

which has been exported on a provisional basis, are remaining flat.

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High prices -- 10-20 times higher than the prices of Chinese rice -- appear to be the reason that Chinese consumers have shunned Japanese rice. Selling Japanese rice in China is bound to encounter future difficulties, as well.

Conditions for steady exports of Japanese rice had been expected to be set by March this year. However, one senior Ministry of Agriculture, Forestry and Fisheries (MAFF) said, "Coordination has taken an unexpectedly long time." Customs clearance procedures for a portion exported in January on a provisional basis became stacked up due to the food poisoning incident involving Chinese-made gyoza dumplings. The incident has made sources involved acutely feel the difficulty of exporting rice to China.

China's annual consumption of rice is 130 million tons, which is approximately 16 times more than the amount consumed in Japan. Japan intends to sell its rice, which is far more expensive than Chinese rice, to wealthy customers as a luxury-brand product.

Following the basic agreement, 24 tons of Japanese rice temporarily put on the market in Beijing and Shanghai in July last year were sold out immediately.

However, such healthy sales did not last. MAF revealed that though 100 tons of additional rice had been exported between last December and this January, only 40 tons have been sold."

13) Japan joins other donors to announce aid to cyclone-devastated Burma (Myanmar)

ASAHI (Page 9) (Excerpt)
May 8, 2008

The international community is responding country after country with announcements of assistance for Burma, which has been devastated by a cyclone. According to Reuters, the total of commodities and money announced as of yesterday by international organizations and countries has climbed to approximately \$28 million (or approximately 2.9 billion yen).

The Japanese government announced yesterday that it would continue its emergency aid equivalent to approximately 28 million yen, as announced on May 5 for Burma, which had been struck with a devastating cyclone. It announced also that it would add the equivalent of approximately 36 million yen in the form of blankets, prefabricated water tanks, and other equipment.

The Japanese government since 2003 has frozen aid in principle to the military junta in Burma. However, Foreign Ministry spokesperson Kazuo Hodaka told a press briefing on May 7 that the new aid was "based on humanitarian considerations."

14) Japan to provide 20 billion yen in aid to Sudan over next four years

ASAHI (Page 4) (Full)
May 8, 2008

Shinya Minamijima, Oslo

At a donors' conference for Sudan held in Oslo yesterday to discuss how to help the southern part of Sudan to rebuild itself, the

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Japanese government declared that it would provide some \$200 million (approximately 20.8 billion yen) over next four years from 2008 through 2011. The conference was joined by 33 countries and eight international institutions. The conference closed yesterday by promising an offer of a total of some \$4.8 billion dollars (499.2 billion yen) in aid to Sudan. Japan will provide Sudan with food aid via international institutions and help returned Sudanese refugees

to settle down. Japan also will directly help the southern autonomous government of Sudan and resume bilateral aid, which has been suspended since 1992.

15) Japan's proposal to revise restrictions on food exports encountering difficulty, as Brazil also balks

ASAHI (Page 7) (Full)
May 8, 2008

Coordination has bogged down regarding Japan's proposal to revise food-export restrictions, which are regarded as the cause of the current skyrocketing prices of food supplies. The reason is that Japan is unable to obtain the understanding of food-exporting countries. The Japanese government aimed to have its proposal included in the draft agreement on the agricultural area of the World Trade Organization (WTO) expected to be announced in mid-May, but the probability is high that it will not make it on time.

Agriculture Minister Wakabayashi on May 5 met in Brazil's capital city Brasilia with Foreign Minister Celso Amorim. Although he brought up Japan's proposal, Foreign Minister Amorim reportedly told him: "The standpoints of food-exporting countries and importing countries are different." Brazil is a major exporter of soy beans, and it has stopped exports of rice that is stored in government warehouses.

Japan made the proposal to the WTO on April 30. China and India reportedly made statements seeking to maintain the status quo that in effect restricts the free flow of exports. Malaysia criticized Japan by calling it a contradiction for Japan, which protects its agriculture with tariffs to criticize other countries for restricting exports. A senior official in the Agriculture Ministry stated: "Coordination will inevitably take time."

The ministry now is thinking of seeking the approval (of its proposal) of the United States, Canada, and Australia, in addition to 40 to 50 other countries in Africa that are directly facing a food crisis.

16) Guidelines for new agricultural policy proposes using domestic rice as raw material for bread and animal feed to cope with soaring grain prices worldwide

MAINICHI (Page 3) (Full)
May 8, 2008

The government's policy promotion task force on food, agriculture, and farm villages, headed by Prime Minister Yasuo Fukuda, yesterday finalized a set of guidelines for the nation's future agricultural policy that includes measures to ensure food security. The guidelines titled, "New agricultural policy in 2008 for the 21st century," propose that Japan use rice as raw material for bread and as animal feed, reflecting soaring grain prices worldwide.

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The guidelines set forth the following measures: (1) provide the people with more information regarding food supply and demand; (2) the Ministry of Agriculture, Forestry, and Fisheries (MAFF) is to exploit means to predict the supply and demand of food from a medium- to long-term perspective; and (3) support food development by strengthening cooperation between the agriculture and forestry industry and the food service industry.

The guidelines were compiled based on proposals made in a meeting of the Strategy Council on the Future of Food (chaired by Tokyo University Professor Shinichi Shogenji), an experts' panel under MAFF. The meeting was held jointly by MAFF and the task force. The council proposed increasing the nation's food self-sufficiency rate by taking such measures as making use of domestic rice and other farm products and boosting emergency food stocks in order to cope with the current deteriorating global food situation.

17) DPJ will not submit censure motion against Prime Minister Fukuda over road issue, but will attack over new health care system for

elderly

TOKYO SHIMBUN (Page 2) (Abridged)
May 8, 2008

The main opposition Democratic Party of Japan (DPJ) decided yesterday on a policy of not submitting a censure motion against Prime Minister Yasuo Fukuda even if the ruling parties revote on a bill amending the Road Construction Revenues Special Exemption Law, intended to reinstate the road-related tax rates for 10 years, on May 12 or after. The DPJ intends to put off the submission of such a censure motion.

The DPJ also forwent the submission of a censure motion against the prime minister when the ruling camp took a second vote on a bill amending the Special Taxation Measures Law on April 30. The dominant view in the DPJ was that since the bill amending the special exemption law went against the government-ruling coalition's policy of integrating the tax revenues earmarked for road construction into the general account budget starting fiscal 2009, a censure motion should be submitted if a revote was taken.

However, if the prime minister were to ignore a censure motion, the DPJ would have no other choice but to boycott all Diet deliberations for about one month until June 15 when the ongoing session ends. Therefore, the largest opposition party has now decided that it is better for it to go on the offensive over the new medical system for those 75 and over, in which the public had a strong interest, through deliberations. A senior DPJ member, after a meeting with President Ichiro Ozawa and other executives, told the press: "After thoroughly deliberating on the new medical system for the elderly, we want to consider the submission of a censure motion against the prime minister."

18) With plunge in cabinet support rates, strong calls from ruling camp for putting off Lower House dissolution to next year, some also urging early replacement of Prime Minister Fukuda

TOKYO SHIMBUN (Page 2) (Full)
May 8, 2008

In the wake of plummeting support rates for the cabinet of Prime Minister Yasuo Fukuda, there are strong calls from members of the

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ruling parties for postponing dissolution of the House of Representatives. The prevailing view in the ruling coalition is that Lower House dissolution should be put off until immediately before the end of the terms of the Lower House members in September next year. However, a view will likely be raised that if the support ratings for the Fukuda cabinet drop further, Fukuda should be replaced by someone else, and the Lower House should be dissolved at an early time.

Encouraged by the fact that the approval rating for the main opposition Democratic Party of Japan (DPJ) has not gone up, some officials in the ruling camp in early April made remarks indicating the possibility of early Lower House dissolution, with Liberal Democratic Party (LDP) Election Committee Chairman Makoto Koga saying: "We should not say there will be Lower House dissolution before the end of the year; we should only say there will be one soon."

Affected by the start on April 15 of withholding medical insurance premiums from the pension benefits of those 75 and over and the reinstatement on May 1 of the provisional tax rates, including the gasoline tax, an opinion poll conducted on May 1-2 by Kyodo News found the approval rating for the Fukuda cabinet has reached a new low of 19.8 PERCENT. The rating in the Kyodo poll fell for the first time below 20 PERCENT, which is regarded as a danger zone (for a prime minister). In public opinion polls by other news organizations, the approval ratings for the cabinet were around 20 PERCENT.

Taku Yamasaki, a former LDP vice president, told the press on May 3 in Fukuoka City: "It would not be strange if the Lower House were

dissolved anytime after the fall, but as long as the cabinet support rates remain low, (Prime Minister Fukuda) cannot carry that out." New Komeito Secretary General Kazuo Kitagawa also stated at a press conference yesterday: "We take the figure seriously; now is not the time for Lower House dissolution."

A senior LDP member remarked: "We will ignore provocative approaches by the DPJ. The Lower House will be dissolved sometime after next year's Group of Eight summit." Another senior LDP member also pointed out:

"The possibility of Lower House dissolution has been slipping away. Although there will be a view calling for replacing the prime minister, there are no appropriate candidates."

A former LDP executive member made this comment:

"The Lower House should be dissolved after Prime Minister Fukuda realizes a policy of shifting the tax revenues earmarked for road construction and maintenance to the general account. This means that the Lower House should be dissolved next April or later."

A mid-level LDP lawmaker, however, made this comment opposing the postponement of Lower House dissolution: "It will be difficult to for the cabinet support rating, having once plunged below 20 PERCENT, to make a dramatic recovery. No good will be accomplished by waiting (for Lower House dissolution)." A veteran lawmaker said:

"I think a view will be raised that the prime minister should be replaced by someone after the G8 summit in July in Hokkaido, and that the Lower House should be dissolved to call a snap election."

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19) Upper House to vote down bill amending Construction Revenues Special Exemption Law on May 12, Lower House to revote on the bill on 13th

TOKYO SHIMBUN (Page 2) (Abridged)
May 8, 2008

The ruling Liberal Democratic Party (LDP) and major opposition Democratic Party of Japan (DPJ) held intermittingly a meeting of their Diet affairs committee chairmen of the House of Councillors. In the meeting, an agreement was reached that the Upper House will take a vote on the bill in a plenary session on May 12 after it is adopted in a meeting on May 9 of the Financial Affairs Committee.

With this agreement between the LDP and DPJ, it has now been decided that the bill will be voted down in the Upper House before May 13 when 60 days pass after the bill was sent to the upper chamber, which is allowed by the Constitution. The ruling coalition plans to take a revote on the bill and enact it with its two-thirds majority overriding vote.

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